

Cost Proposal Notice to Vendor

The Cost Proposal must specifically record the exact cost amount(s) proposed in the appropriate space(s) as required herein. Said cost proposed must incorporate all costs associated with all services and deliverables. Said cost must include all applicable taxes, fees, overheads, travel, and all other direct and indirect costs incurred or to be incurred by the Contractor.

Each Cost Proposal must be recorded on an exact duplicate of the attached *Cost Proposal & Scoring Guide*. The Cost Proposal shall record only the cost proposed as required, and shall not include any additional documents or addenda, or record any other rates, amounts, or information. It shall not record any text that could be construed as a qualification of the cost proposed. If the Proposer fails to specify the Cost Proposal as required, the State may determine the proposal to be nonresponsive and reject it.

The Proposer must sign and date the Cost Proposal.

Independent Price Determination

A proposal shall be disqualified and rejected by the State if the price in the proposal was not arrived at independently without collusion, consultation, communication, or agreement as to any matter relating to such prices with any other Proposer, a State employee, or any competitor.

The Proposer is prohibited from submitting more than one proposal. Submittal of more than one proposal may result in the disqualification of the Proposer.

The Proposer is prohibited from submitting multiple proposals in a different form (*i.e.*, as a prime contractor and as a subcontractor to another prime contractor). Submittal of multiple proposals in a different form may result in the disqualification of all Proposers associated with a multiple proposal.

Should any such prohibited action stated above be detected any time during the term of the contract, such action shall be considered a material breach and grounds for contract termination.

Cost Proposal Components: Implementation Phases and TCDS Operations

The vendors will propose separate costs for Implementation and Operation of the TCDS (see *Pro Forma* Contract Section A, SCOPE OF SERVICES). These cost components are described below. For additional details regarding preparation of the Cost Proposal, refer to the *Cost Proposal & Scoring Guide* below.

Implementation and the Cost Proposal

The vendor will propose one fixed cost for the Implementation of the TCDS.

The State will compensate the Contractor for Implementation as follows: On January 1, 2005 the State will assess the percentage of TennCare data that is loaded on the vendor's TCDS system, and available for the State's reporting purposes. The vendor may then invoice the State for a portion of the One-Time, Fixed Implementation Cost proposed that correlates with the percentage of data that has been loaded and available for reporting use as of January 1, 2005. For example, if the percentage of data loaded is 35%, then the vendor may invoice the State for 35% of the One-Time, Fixed Implementation Cost; the remainder to be paid upon completion of loading of the full six (6) years of TennCare data. Note that there are only two payment points for the Implementation Phase: (1) the payment associated with the January 1, 2005 load percentage; and (2) the final payment upon the Contractor completing the loading of six years of data.

TCDS Operations and the Cost Proposal

For each year of the contract, including the two optional, additional years, the vendor will propose a single, monthly, cost-per-member rate, to provide TCDS Operations Services. The State shall compensate the Contractor for TCDS services, in arrears after the provision of the services, in an amount that is based upon the number of recipients on the TennCare membership rolls as of the fifteenth day of the billing month in question (the "population basis"). Note that the population basis shall be adjusted to correlate with the percentage of TennCare data loaded on the Contractor's TCDS system, as described in the following paragraph.

The first month for which the vendor will bill the State for Operations shall be no earlier than January 2005. The State shall compensate the vendor for Operations Cost as follows: On January 31, 2005 the State will assess the percentage of TennCare data that is loaded on the vendor's TCDS system, and available for the State's reporting purposes. The State will then apply this percentage to the population basis prior to using the population basis to determine the invoice amount. In other words, the formula at the end of each month of Operations services shall be: Monthly Operations Invoice Amount = Monthly Cost Per Member on the TennCare Rolls X (percentage of data loaded and available for reporting use [as of the last day of the month in question] X the population basis [as of the 15th day of the month in question]). The Contractor shall invoice the State on a monthly basis for Operations and the same formula shall be applied at the end of each succeeding month.

See the examples in *Pro Forma* Contract Section C.3.b, as amended.

Cost Proposal Evaluation

The State shall evaluate the Cost Proposals in accordance with the instructions and formulae given in the *Cost Proposal & Scoring Guide*.

Cost Proposal Packaging

Each Proposer must submit one (1) Cost Proposal to the State in a sealed container that is clearly marked:

**“Cost Proposal in Response to
TennCare Decision Support Services
RFS #318.65-186
-- Do Not Open --”**

Cost Proposal Due Date and Time

Cost Proposals must be received by the State of Tennessee by **4:30 PM CDT on September 22, 2004**.

Where To Send the Cost Proposal

Cost Proposals may be mailed, hand delivered, or faxed to the following:

Walter L. “Bubba” Mullen
Suite 1600, Southeast
WM Snodgrass Tenn Tower
312 8th Avenue North
Nashville, TN 37243-0288
Telephone: (615) 253-2354
Fax: (615) 532-0471

Cost Proposal & Scoring Guide

COST PROPOSAL & SCORING GUIDE	
NOTICE TO PROPOSER: This Cost Proposal MUST be completed EXACTLY as required.	
PROPOSER NAME:	
SIGNATURE & DATE:	
COST PROPOSAL SCHEDULES The proposed costs, detailed in the tables on the following pages, shall indicate the proposed price for providing the entire scope of service including all services as defined in Sections 2, 3, and 4 (<i>Description of Services and Written Proposal; Timeline Objectives and Critical Dates; and Performance Requirements</i>), of the <i>Request for Vendor Presentations</i> , as well as Section A of the Contract (collectively, the TCDS Requirements). The proposed cost and the commitments described in the vendor presentation associated with this cost shall remain valid for at least 120 days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any resulting contract between the Proposer and the State. All monetary amounts are United States currency. <u>Warning: The Proposer may not leave any Proposed Cost cells blank.</u>	

COST SCHEDULE A – IMPLEMENTATION COST SCHEDULE

In the cell labeled “Proposed Cost” below, the Proposer must enter a one-time, fixed cost to perform all services related to the implementation of the TCDS.

The State will compensate the Contractor for Implementation as follows: On January 1, 2005 the State will assess the percentage of TennCare data that is loaded on the vendor’s TCDS system, and available for the State’s reporting purposes. The vendor may then invoice the State for a portion of the One-Time, Fixed Implementation Cost proposed below that correlates with the percentage of data that has been loaded and is available for reporting use as of January 1, 2005. For example, if the percentage of data loaded and available for reporting use is 35%, then the vendor may invoice the State for 35% of the One-Time, Fixed Implementation Cost; the remainder to be paid upon completion of loading of the full six (6) years of TennCare data.

Note: there are only two payment points for the Implementation Phase: (1) the payment associated with the January 1, 2005 load percentage; and (2) the final payment upon the Contractor completing the loading of the entire six years of data.

Cost Item Description	Proposed Cost
One-Time, Fixed Implementation Cost	
<p style="text-align: center;">Implementation Evaluation Cost Amount: <i>(For State use only; transcription of Proposed Cost above)</i></p>	


COST SCHEDULE B – OPERATIONS COST SCHEDULE

In the cells labeled “Proposed Cost,” for each year listed, the Proposer must enter the Monthly Cost-Per-Member rate that it will charge to operate the TCDS system, and provide all related services, as described in the TCDS Requirements. The costs below are proposed with the knowledge that the costs for these services shall be assessed and billed monthly, in arrears after the services have been provided, and shall be based upon the number of TennCare recipients on the State’s TennCare membership rolls as of the fifteenth (15) day of the billing month in question (the “population basis”). Note that the population basis shall be adjusted to correlate with the percentage of TennCare data loaded on the Contractor’s TCDS system, and available for the State’s reporting purposes, as described in the following paragraph. The rate shall apply for the entire contract year as proposed and shall not be subject to increase during that year.

The first month for which the vendor will bill the State for Operations shall be no earlier than January 2005. The State shall compensate the vendor for Operations Cost as follows: On January 31, 2005 the State will assess the percentage of TennCare data that is loaded on the vendor’s TCDS system, and available for the State’s reporting purposes. The State will then apply this percentage to the population basis prior to using the population basis to determine the invoice amount. In other words, the formula at the end of each month of Operations services shall be: Monthly Operations Invoice Amount = Monthly Cost Per Member on the TennCare Rolls X (percentage of data loaded and available for reporting use [as of the last day of the month in question] X the population basis [as of the 15th day of the month in question]). The Contractor shall invoice the State on a monthly basis for Operations and the same formula shall be applied at the end of each succeeding month. See the examples in *Pro Forma* Contract Section C.3.b, as amended.

Cost Item Description	Proposed Cost					State Use ONLY
	Year 1	Year 2	Year 3	Optional Year 4	Optional Year 5	Sum of Yearly Per-Member Costs
Monthly Cost Per Member on the TennCare Rolls						
Operations Evaluation Cost Amount: <i>(For State use only; sum of all Operations Proposed Costs above)</i>						

The Final Cost Proposal score is calculated on the following page.

FINAL COST PROPOSAL SCORE (For State Use Only)			
Summary Item Description	Evaluation Cost	State Use	
		Weight	Weighted Cost
Implementation Evaluation Cost Amount from Cost Schedule A: Implementation Cost Schedule		5	
Operations Evaluation Cost Amount from Cost Schedule B: Operations Cost Schedule X 12 (months) X 1,250,000 (approx. number of TennCare recipients) (The formula above is necessary to normalize the monthly per-member rate and the one-time fixed Implementation Cost.)		15	
<i>The F&A Contract Coordinator shall use the evaluation cost amount derived from the proposed cost amounts above and the following formula to calculate the COST PROPOSAL SCORE. Calculations shall result in numbers rounded to two decimal places.</i>			
Evaluation Cost Amount: <i>(sum of all weighted cost amounts above)</i>			
<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;"> lowest Evaluation Cost Amount from <u>all</u> Proposals <hr style="width: 100%;"/> Evaluation Cost Amount being evaluated </div> <div style="text-align: center;"> X 100 <i>(maximum section score)</i> </div> <div style="text-align: center;"> = SCORE: </div> </div>			